A CUSTOMER downloads an app from Apple every millisecond. The firm sells 1,000 iPhones, iPads or Macs every couple of minutes. It whips through its inventories in four days and launches a new product every four weeks. Manic trading by computers and speculators means the average Apple share changes hands every five months.

Such hyperactivity in the world’s biggest company by market value makes it easy to believe that 21st-century business is pushing its pedals ever harder to the metal. On Apple’s home turf in Silicon Valley the idea that things are continually speeding up is a commonplace. “The pace of change is accelerating,” Eric Schmidt and Jonathan Rosenberg of Google assert in their book “How Google Works”. For evidence look no further than the “unicorns”—highflying startups—which can win billion-dollar valuations within a year or two of coming into being. In a few years they can erode the profits of industries that took many decades to build.

Like dorks in awe of the cool kids, the rest of America’s business establishment chastises itself for being too slow. If you ask the boss of any big American company what is changing his business, odds are he’ll say speed. Firms are born and die faster, it is widely claimed. Ideas move around the world more quickly. Supply chains bristle to the instant commands of big-data feeds. Customers’ grumbles on
Facebook are met with real-time tweaks to products. Some firms are so fast that they can travel into the future: Amazon plans to do “anticipatory” shipping before orders are placed.

“We are putting a premium on speed,” said Jeff Immelt in his latest letter to the long-suffering shareholders of General Electric (GE). Ginni Rometty, who is struggling to revive IBM, recently told the New York Times, “People ask, ‘Is there a silver bullet?’ The silver bullet, you might say, is speed, this idea of speed.” The shareholders’ reports of the firms in the S&P 500 index of America’s biggest are littered with “speed”, “fast” and their synonyms, not to mention a goodly dollop of “disruption.”

**Mavericks and geese**
America’s executives worry that they won’t keep up with this quickening world. Others worry about the things they may do in the attempt. Hyperactive bosses are accused of slashing jobs and overdosing on share buy-backs to hit quarterly earnings estimates. The unease goes beyond the activities of individual firms to those of the corporate sector as a whole. In his 2014 book, “The Impulse Society”, Paul Roberts, a social critic, decries a system “so hostile to the notion of long-term investment, or commitment, or permanence, that it is becoming incapable of producing anything of durable social or economic value.”

The idea that time is speeding up is clearly popular. It is also plausible. There is just one problem. It is very hard to prove that it is actually happening.

Capitalism has always had its skates on. As Karl Marx and Friedrich Engels noted in 1848, it sweeps away “all fixed, fast-frozen relations, with their train of ancient and venerable prejudices and opinions...all new-formed ones become antiquated before they can ossify.”

Take transport. In 1913 Henry Ford’s reinvention of the assembly line cut the time it took to make a car from 12 hours to 90 minutes. Alfred Sloan, who ran General Motors as president and then chairman from 1923 to 1956, invented “dynamic obsolescence”—using a flurry of new products to whip up demand and make existing models seem out of date. Honda took this idea to an extreme: in 1981-82 it launched 113 models of scooter in 18 months. Japanese firms pioneered flexible supply chains and reorganised factory floors in the 1970s and 1980s—eking out efficiency gains by eliminating delays. In 1990 George Stalk and Thomas Hout, of BCG, a consulting firm, popularised this approach in “Competing Against Time” (a favourite book of Apple’s boss, Tim Cook).

There are plausible reasons why the pace of business might be even faster this century than in the previous one. The regular doubling of processing power known as “Moore’s Law” has provided decades of exponential growth in computing power. Information technology is ever more embedded in customer’s lives. More firms use contracts and accounting systems with “mark-to-market” prices, exposing themselves to rapid changes that long-term contracts used to smooth over. Deregulation and globalisation mean that it is easier for firms to employ workers and make products through networks of third-party suppliers whose efforts can be amp’d up or services sloughed off with ease.

Yet hard evidence of a great acceleration is hard to come by. The Economist has considered a variety of measures by which the speed of business in America (unless otherwise stated) can be quantified. A few do show some acceleration. But a lot do not (see charts).
The speed with which ideas zip around the world has increased. Take the "adoption lag"—or the average time it takes slow or poor countries to catch up with pioneering countries’ usage of a technology. It has shortened from over 100 years for the spindle (invented in 1779), to 13 years for mobile phones, according to Diego Comin and Martí Mestieri, two scholars. Patent registrations, which, though an imperfect measure of innovation, probably track it to some extent, have been growing by about 11% a year for the past half-decade, compared with a long-term average of 6%. The frequency with which consumers shop for groceries, which has been declining for a decade or more, may have picked up thanks to the spread of e-commerce.

But other measures suggest sloth, not celerity. The rate of new consumer-product launches is probably slowing or in decline. Factories do not seem to be making things faster. A crude gauge of production speed can be gained by looking at the inventories of industrial firms, which mainly comprise half-finished goods, or "work-in-progress". The ratio of work-in-progress to sales points to a slowdown over the past decade (though if you exclude Boeing, an aircraft-maker, it is merely flat). And there is no obvious evidence that outsourced production overseas differs in this respect. At Hon Hai Precision, also known as Foxconn, which makes iPhones and other gizmos in China, things have gone the same way.

If products were zipping through smart supply chains faster you would expect the overall level of inventories to fall. But in 2014 big listed American firms held 29 days of inventory, only slightly less than in 2000. For the economy as a whole inventory ratios improved in the 1990s but have deteriorated sharply since 2011. And just as the stuff that is sold may not be turning over any more quickly, neither are the people who make it. The median private-sector worker has held his job for 4.1 years, longer than in the 1990s. There has been a slight decline in the tenure of older men, but a slight lengthening for women.

More creative destruction would seem to imply that firms are being created and destroyed at a greater rate. But the odds of a company dropping out of the S&P 500 index of big firms in any given year are about one in 20—as they have been, on average, for 50 years. About half of these exits are through takeovers. For the economy as a whole the rates at which new firms are born are near their lowest since records began, with about 8% of firms less than a year old, compared with 13% three decades ago. Youngish firms, aged five years or less, are less important measured by their number and share of employment.

Some studies suggest that the period over which firms could sustain a competitive advantage shortened in the 1970s and 1980s, perhaps owing to deregulation. But for today’s incumbents life looks sweet and stable. In 2000 about half the S&P 500 had been making a pre-tax return on capital of at least 12% every year for five years. The share is the same today. The rate at which listed firms depreciate their plant and software has held fairly steady, too.
Many bosses complain that capital markets amplify a wired-up society’s hyperactive impulses. But on some measures they are becoming less short-term. The average maturity of a newly issued corporate bond has risen to 17 years from ten years in the 1990s, reflecting the attractions of borrowing for longer maturities when interest rates are low. The average holding period for a share of an S&P 500 firm is still a pitifully low 200 days, but that has doubled since 2008 and is comparable with levels a decade ago. The big fall was in the 1990s.

Intra-day churn by high-frequency trading programs accounts for about half of stockmarket turnover, according to Ana Avramovic of Credit Suisse. But that masks the rise of more stable investors. Large “passive” fund managers such as BlackRock and Vanguard have got much bigger in the past decade and their holding periods are indefinite. The average holding period of actively managed mutual funds, meanwhile, has risen to about two years. In 2000 it was closer to one.

Breathless

Some executives are doubtless spivs, willing to cut investment to hit earnings targets. And economists have shown that investors discount the value of far-off profits more than they should. But it is not clear that long-term investment has shrunk. For both S&P 500 firms and the economy as a whole, corporate investment (including plant and equipment, software and R&D spending) has been steady relative to sales, assets and GDP.

Investment has fallen relative to profits, but that is because margins are at a record high thanks to lower wage costs. Companies are generously giving their owners dividends and share buy-backs while being stingy with their staff. But by historical standards they are not being miserly about investment. Were firms to invest what they spent on buy-backs, investment would have to rise to 15% of sales, far above the 25-year average of 9%. Low interest rates may mean the cost of capital is cheap, but most firms worry that they reflect the risk of slow economic growth.

Bosses grumble they are under constant pressure to perform, but they are being pushed down the gangplank more slowly. The median tenure of serving CEOs was five years in 2014, up from three in 2007. The average retiring chief executive of an S&P 500 firm in 2014 had been in office for ten years—the highest figure since 2002.

The result is a puzzle. Business people feel time is accelerating—but the figures suggest they are largely talking guff. One possibility is that their perception of speed is a leading indicator, and that a giant wave of disruption is just about to strike. But many of the
reputational giants of Silicon Valley are financial tiddlers. Uber has $2 billion of sales—if it were listed it would be the world’s 3,882nd-biggest public firm. Airbnb’s sales account for 1-2% of the hotel industry’s total. These firms are platforms for purchasing services, but beneath them, the assets and people—cars, rooms, drivers—change far less dramatically, if at all. People who use dating apps still go to restaurants. Overall, McKinsey & Co, a consulting firm, estimates that technology disruption could lower global corporate profits in 2025 by 6%: significant but not overwhelming.

A better explanation of the puzzle comes from looking more closely at the effect of information flows on businesses. There is no doubt that there are far more data coursing round firms than there were just a few years ago. And when you are used to information accumulating in a steady trickle, a sudden flood can feel like a neck-snapping acceleration. Even though the processes about which you know more are not inherently moving faster, seeing them in far greater detail makes it feel as if time is speeding up.

This unsettling sensation is common to most chief executives—a straw poll suggests that they receive 200-400 e-mails a day. Their underlings are deluged with information, too. AT&T now tracks faults on its telecoms networks by monitoring social media for grumpy customers letting off steam online. Big consumer brands are subject to a rolling online plebiscite from their customers. This abundance of information gives firms a cloak of hyperactivity.

Lift up the hem, however, and the illusion of acceleration gives way to a dangerously stolid reality. As well as lower rates of new company creation, industries have become more oligopolistic. Of 13 industrial sectors in America, ten were more concentrated in 2007 than they had been in 1997. Since then there has been a huge round of mergers in health care, consumer goods, airlines, cable-TV, telecoms and technology hardware. Most of these deals have created bigger firms with higher market shares and more pricing power.

The technology platforms through which people get information and shop—those of Google, Apple and the like—have high market shares too. These firms are extraordinarily profitable and have accumulated a lot of cash—41% of the total held by big American firms outside the financial sector sits with tech companies. Perhaps they are clinging to these safety belts because they fear that they will be swept away by new rivals. Perhaps they will use their huge resources to buy other firms and further increase their pricing power.

For managers the illusion of acceleration is dangerous if it prompts them to churn their portfolio of businesses ever faster. GE has bought and sold businesses worth over 100% of its capital base in the past decade or so. American pharmaceutical firms have attempted $1.1 trillion of deals since the start of 2014, equivalent to 51% of their current stockmarket value.

**Time and relative dimensions in space**

Perhaps these efforts at permanent revolution will succeed. But not every firm can pursue this approach without creating a fallacy of composition: someone has to own the slow-growing businesses. Doing lots of deals involves paying large fees. And what appears hot today may be cold tomorrow. Western firms invested $3 trillion in emerging markets in the 15 years to 2012, just before their growth slumped.

If firms are not experiencing an overall acceleration, though, they still need to pay new attention to time. In the 1930s Ronald Coase, an economist, argued that firms existed to perform tasks that entrepreneurs were unable to do easily through markets. But another way of thinking about firms is that they are time transformers, mediating the different time horizons of customers, staff, suppliers and owners.

Bondholders, for example, want a steady stream of payments over decades, a stream
derived from customers paying instantly for products that take weeks to make and transport and that are sold by staff who are employed for years. The company is the body that can satisfy all of these constituents. This capacity to straddle time frames is most extreme in banks, which raise money in the form of deposits that can be withdrawn immediately and extend that money as loans that take years to repay, an inherently risky process known as “maturity transformation”. But the transformation of time is the business of all companies, not just financial ones.

More information provides firms with an even broader range of time frames over which to exert their transformational powers—to operate second by second, if they so desire. But to do this well requires them to be as deliberate over some time horizons as they are flighty over others.

Inditex, the owner of Zara, a “fast fashion” retailer, designs 40,000 products a year that are shipped to stores twice a week. It has helped end the idea that fashion only has two big seasons a year. But the ever faster flow of frocks requires steady purpose in other dimensions of the business. It employs 900 folk in its design department, rather than outsource this function to fickle outsiders. It has persuaded its suppliers to accept payment in 160 days, twice as long as a decade ago. The manufacturers in its European network stick around for many years. Its assets are expected to last a decade and it invests twice as much per dollar of sales as its peer group. Its founder, Amancio Ortega, has held a controlling stake for 40 years.

New technologies spread faster than ever, says Andy Bryant, the chairman of Intel; shares in the company change hands every eight months. But to keep up with Moore’s Law—named after Intel’s founder—the firm has to have long investment horizons. It puts $20 billion a year into plant and R&D. “Our scientists have a ten-year view…If you don’t take a long view it is hard to keep your production costs consistent with Moore’s Law.”

And what about Apple, with the frantic antics of which this article began? Its directors have served for an average of six years. It has invested heavily in fixed assets, such as data centres, which will last for over a decade. It has pursued truly long-term strategies such as acquiring the capacity to design its own chips. Mr Cook has been in his post for four years and slogged away at the firm for 14 years before that. Apple is 39 years old, and it has issued bonds that mature in the 2040s.

Forget frantic acceleration. Mastering the clock of business is about choosing when to be fast and when to be slow.